



# THE Agricultural Situation

MARCH 1955

Volume 39, Number 3

## The Livestock and Meat Picture In the Light of the Inventory

• • • *Little Change in Beef Supply, Pork Output Up*

**C**ONSUMERS of the Nation will continue to be abundantly supplied with meat in 1955. This is the chief meaning of the January inventory of livestock on farms, reported February 14 by the Crop Reporting Board.

Cattle numbers, now totaling 95.4 million head, have increased for the sixth consecutive year. The new record number, however, is only about 650,000 head above last year, an increase of less than 1 percent.

Hog numbers are up 13 percent from a year ago, sheep numbers off slightly. The total number of livestock and poultry stands at 3 percent above last year, and is 12 percent above the 1947-49 average.

### Breeding Stock Trends

Of most significance to longer trends is the number of breeding stock on hand—the real measure of production capacity.

When we look at breeding stock, we find that cattle production is now

(Please turn to Page 2)

### In This Issue

	Page
The Livestock and Meat Picture in the Light of the Inventory.....	1
Acreage Limits and Marketing Quotas in Effect for Rice.....	3
Outlook Highlights.....	3
Grading and Inspection Help Bring Larger Markets for Poultry.....	4
Better Marketing for Farmers Seen in "Piggyback" Shipments.....	6
Control "Strep", Check Rheumatic Fever.....	8
Rice in Plentiful List . . . With Canned Snap Beans and Corn.....	8
Co-ops Have Substantial Part in Farmers' Marketing Job.....	9
Bert Newell's Letter.....	11
Credit Status of Farms Sound . . . .	13

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stable, but that hogs and sheep are on a moderate increase. The inventory of all cows this January increased very slightly, with a 1-percent gain in beef cows offsetting a 1-percent drop in milk cows. The number of breeding sows and gilts increased 5 percent, conforming to the intentions of farmers for 5 percent more sows to farrow this spring. The inventory of breeding ewes and ewe lambs was up 1 percent in spite of a small drop in total stock sheep.

Reductions in cattle numbers were chiefly in milk stock. The number of milk cows and milk heifers was each reduced by 1 percent.

Milk-cow numbers decreased in most States. The exceptions were Pacific Coast States, some Atlantic and Gulf Coast States, Wisconsin, Idaho, and Arizona, where small increases occurred. The biggest decreases took place in the important hog-producing States. Higher hog prices and lower supports on dairy products in 1954 brought about this shift.

The general trend in milk heifers 1 to 2 years old was downward for most regions and States. Heifer calves saved for milk cows showed a small total increase, although in most States the number was lower than a year earlier.

### Beef Cows Up Only Slightly

Beef-cow numbers moved upward a bit in most States, but liquidation occurred in States hard hit by drought. Most severe declines were registered in Wyoming, Colorado, the Southwest, and Florida. Biggest increases were in the Northern Plains, which had favorable weather and plenty of feed last year. The beef-cow inventory was considerably larger this year in North and South Dakota, Montana, and Nebraska; also in California and a few other States. In the Mountain West as a whole, beef-cow numbers made little change.

A few more beef calves, beef heifers and steers were on farms this January. Most of the gain was in those on feed, total numbers of which were up 8 percent. In view of the higher proportion of beef heifers on feed, it appears that the number of beef heifers for replacements in the beef-cow herd is

lower than a year ago. Increases in steer inventories in the 3 leading feeding States of the Corn Belt and in Arizona and California, where feeding is at a high level, would account for the entire increase in steer numbers. The fast rate of marketing—under pressure of lower prices and wide-spread drought—held the inventory of beef steers and heifers, other than those in feedlots, below last year.

### More Hogs and Maybe Sheep

Hog numbers are on the increase. In the last 2 years the number of hogs was unusually low in relation to the number of cattle (low also in relation to the number of people). That relationship is now swinging back to normal. The 1954 fall pig crop was 16 percent larger than the 1953 crop, and producers intended to have 5 percent more sows farrow this spring than last.

Sheep numbers at 30.9 million head on January 1 were down slightly from a year ago, but there were signs that numbers would be stabilizing and starting upward again. The number of ewe lambs held for replacement was up 9 percent—enough to push up breeding stock to slightly more than a year ago. Drought forced a decline in stock sheep in some important Western sheep States. Southeastern States are showing a growing interest in sheep production, although the inventory number is quite small. The Northern Plains States showed increases in sheep, as they did in cattle.

### Little Change in Beef Supply— Demand Favorable

Beef production appears to be stabilizing at near the present high level. The number of beef cows and heifers over one year old (*excluding those in feedlots*) appears to be no larger than last year, possibly slightly smaller, while the number of milk cows has been reduced just a bit. So the capacity remains to provide another near-80-pound supply of beef per person in 1955, possibly in 1956 also. This would repeat last year's record rate of consumption (79 pounds).

(Continued on Page 12)

# Acreage Limits and Marketing Quotas in Effect for Rice

**A**S WAS pointed out briefly in the February issue of *The Agricultural Situation*, rice growers voting in a referendum January 28 approved marketing quotas for the 1955 rice crop. Returns showed 90.2 percent voting in favor of the quotas. To be effective, marketing quotas had to be approved by at least two-thirds of the eligible growers voting.

As a result of the referendum, the rice-marketing-quota program will be in operation for the 1955 rice crop. Growers who exceed their farm acreage allotments will be subject to a marketing-quota penalty equal to 50 percent of the June 15 parity price on the excess rice. Farmers will have to comply with farm rice acreage allotments to be eligible for price support on rice in 1955.

## Big Carryovers Led to Controls

Prior to the 1953-54 marketing year, carryover stocks of rice were not excessive. In 1953, the crop was so large, however, that record domestic disappearance and near record exports still resulted in a carryover of 7.6 million hundredweight on August 1, 1954. This was two-thirds above the previous record in 1951 of 4.5 million hundredweight. Of the large carryover on August 1, 1954, the CCC held under the support programs more than 3 million hundredweight. Indications are that there will be a much larger carryover this year from the 1954 crop, most of which will be delivered to the CCC.

As a result of the surplus accumulations, acreage allotments and marketing quotas had to be proclaimed for the 1955 rice crop, as required by law. The national acreage allotment was proclaimed at 1.86 million acres, 24.7 percent less than the acreage in 1954 and 11 percent less than the 1950-54 average.

Average prices received by farmers for rice in the United States have equaled or exceeded support-price levels in every year since the support pro-

grams were started in 1941, except for the crops of 1951, 1952, and 1954. Prices were above loan levels mainly because of the strong export demand. With prices to growers in the current marketing season below support levels, 19 million hundredweight of the 1954 crop had been placed under loans and purchase agreements through January 15, 1955, and additional quantities were placed under price support before the expiration on January 31, 1955.

Robert E. Post  
*Agricultural Economics Division, AMS*

## Outlook Highlights

... March 1955

**S**TRENGTHENED by heavy buying by consumers and the boom in construction of new homes, general business activity continues to rise, though at a somewhat slower pace than last fall. Increased industrial activity abroad is widening the market for United States products. World demand for raw materials has strengthened. United States exports of farm products in the last half of 1954 totaled 10 percent above a year earlier.

Prices of farm products have firmed up some since the close of 1954; but, with large supplies on hand, prices continue to average below a year earlier.

The consumer's food dollar is likely to be split between farmers and marketing agencies about the same way this year as in 1954—43 cents to the farmer, 57 cents to marketing agencies. Last year the farmer's share was 2 cents below 1953 and the lowest of the post-war period.

## Livestock and Meat

Prospects for 1955 indicate that prices of livestock products will be fairly well maintained. The increase of 646,000 in the number of cattle on farms last year was the smallest since

(Continued on Page 12)

# Grading and Inspection Help Bring Larger Markets for Poultry

**T**HE POULTRY grading and inspection programs of the U. S. Department of Agriculture have helped poultry producers and handlers in the development of more and bigger markets for poultry.

Since the beginning of the Department's work in the grading and inspection of poultry, about 30 years ago, producers, processors, and dealers, as well as consumers, have had a "yardstick" with which to measure important variations in the quality and condition of poultry. Standardization of grades is essential to orderly marketing and efficient buying and selling. A product that is sold under such conditions is better able to compete with other products and is bought by more people.

## Helpful to All Parties Concerned— Service Optional

The price the grower receives reflects both the quality of the product and the condition of the market. Processors and distributors, likewise, need a quality gage to facilitate buying and selling and for settlement of differences of opinion with respect to contract specifications, particularly at long distances. Consumers want assurance that they are obtaining a product of a definite quality, and one that is in line with the price paid.

Appropriate grades for all classes of poultry have been developed by the USDA in cooperation with producers and the poultry industry. The grades provide for normal variations in quality, class, and condition.

These official grades provide a basis for merchandising contracts, reporting market transactions, for appraising stocks, for sorting and packing by producers and processors to meet market requirements, and also for providing a means of furnishing consumers and other purchasers with information on quality. Use of the grading and inspection services is voluntary.

The grade names now used in U. S.

Standards for Poultry and Poultry Products (including turkeys) are:

Product	Grade names
Live Poultry, All Classes	U. S. Grade A or U. S. No. 1
	U. S. Grade B or U. S. No. 2
	U. S. Grade C or U. S. No. 3
Dressed and Ready-To-Cook Poultry, All Classes	U. S. Grade A
	U. S. Grade B
	U. S. Grade C

## From Sideline to "Specialty"

Since the beginning of USDA's work in the grading and inspection of poultry, there have been great changes in the importance and character of the poultry industry. Methods of production, processing, and handling of poultry meat have changed completely—mostly during recent years.

About the time the grading and inspection service was started, practically all poultry meat came from farms as a byproduct of egg production. This poultry meat consisted of hens that, because of low-laying ability, were no longer considered worth keeping; broilers, fryers, and roasters that resulted from the raising of chicks for flock replacement purposes; and cock birds that were no longer needed for breeding purposes. Most of these birds were from small farm flocks, raised only incidentally, as part of a farm operation.

Today the story is different. More than half of our poultry meat now comes from specialized producers.

The fascinating story of the rapid development of commercial and specialized broiler areas has been told many times. Turkey production reached an alltime high of 61 million birds last year. Farm chickens and "commercial" broilers raised in 1953 totaled 1 to 1½ billion—more than double the .7 billion produced in 1939.

Processing and merchandising methods, likewise, have changed materially. The old method of dry-picking poultry has practically passed out of existence.



Mechanized equipment such as scald tanks and automatic pickers and washers—unheard of a few years ago—have replaced the old hand methods. The processing and sale of ready-to-cook poultry is rapidly replacing the so-called dressed poultry that was really only partly dressed. The housewife can now know what she is buying and find the products she wishes all packaged and ready for her use in self-service stores. She can buy just the package that suits her needs. It appeals to her and she is apt to buy more often.

The uniform grade standards and terminology developed through the years have contributed to the expansion of market outlets.

Poultry moves in trade channels from coast to coast, irrespective of State lines. Therefore, the importance of uniform grade standards and terminology is obvious. Many of the terms and grade classifications which have meaning in local or area markets are not applicable nationally or outside certain markets and sometimes cause confusion in trading. Efforts have been made, however, to accomplish greater uniformity in grades and terminology.

The USDA poultry grading programs have been developed on a cooperative basis with State agencies. Cooperative agreements are now in effect with 47 States. Although the problem of attaining uniformity of standards among the States has required much time and effort through the years, it has paid dividends in facilitating trading and in building bigger markets.

### More Ready-To-Cook Birds

Perhaps one of the greatest contributions of the Department's grading and inspection service to the development of bigger markets for poultry producers has been the services provided in connection with the merchandising of eviscerated poultry.

Tentative USDA classes and grades for eviscerated federally inspected chickens and turkeys were issued in 1944. Since then, there has been a rapid expansion in the merchandising of graded and inspected ready-to-cook poultry. The Department's program is especially appropriate in view of the many new developments in merchan-



dising poultry in sealed packages and in frozen form.

The volume of poultry products graded and inspected has paralleled the increase in the merchandising of these products. The volume of dressed poultry, officially graded, increased from 24,211 pounds in 1927 to 271,332,000 pounds in fiscal year 1954. The volume of turkeys officially graded increased from 22,500 pounds in 1928 to 209,032,000 pounds in fiscal year 1954. And eviscerated poultry, prepared under Federal inspection for wholesomeness, rose from 232,254 pounds in 1928 to over 1 billion pounds in 1953.

In addition to facilitating movement of poultry products through domestic channels of trade, the inspection program has also opened up foreign markets to our industry—especially so since the services of the Department of Agriculture in connection with the inspection of poultry for wholesomeness meet the import requirements of many foreign countries that accept our export certificates as evidence of this inspection.

An outstanding example of such foreign shipments is the considerable amount of poultry which we now export to Canada.

Our Armed Forces also buy poultry under USDA Inspection.

Lance G. Hooks  
Agricultural Marketing Service

# Better Marketing for Farmers

## Seen in "Piggyback" Shipments

**P**IGGYBACK or "trailer-on-flatcar" (TOFC) service is a development in transportation that shows promise of faster service and lower costs in marketing farm products.

The piggyback operation is a joint truck-rail freight movement. Fully loaded truck trailers are placed on railroad flatcars and hauled between major rail terminals. Upon arrival at the destination terminal, the trailers are rehooked to truck tractors and pulled to the receiver's store, warehouse, or plant.

This service has speeded up the overall delivery time of the railroads. It is further claimed that it is even faster than truck-hauled service, particularly under conditions of slow-moving and crowded highway traffic. Piggyback service also holds promise of reducing loss and damage in transit, whether compared with ordinary rail shipment or highway transport. This fact has been reflected, in some cases, in lower insurance rates for TOFC shipments than for similar shipments by highway.

Products derived from farm products are hauled by TOFC service. It also appears to be suitable for the movement of farm products, particularly perishables. Recent tests have shown that fresh meat can be moved satisfactorily by TOFC service.

A byproduct of trailer-on-flat-car service is reduced traffic on the highways. It reduces the volume of traffic on congested highways between the large cities.

### Renewed Interest, Steady Growth

Piggyback service has been tried before but only recently has it received wide attention. The Chicago, North Shore and Milwaukee RR. began trailer-on-flat-car service in 1926 between Chicago and Milwaukee. The service was set up to handle less-than-carload

freight in trailers owned by the railroad. Generally known as the Ferry Truck Service, it remained in operation until 1947, when it ended. During the 1930's and 1940's, several other railroads adopted TOFC service with varying degrees of success. With 1 or 2 exceptions these railroads were unable to expand their piggyback operation because of insufficient traffic, including the lack of return loads. The low volume of traffic was due largely to poor service.

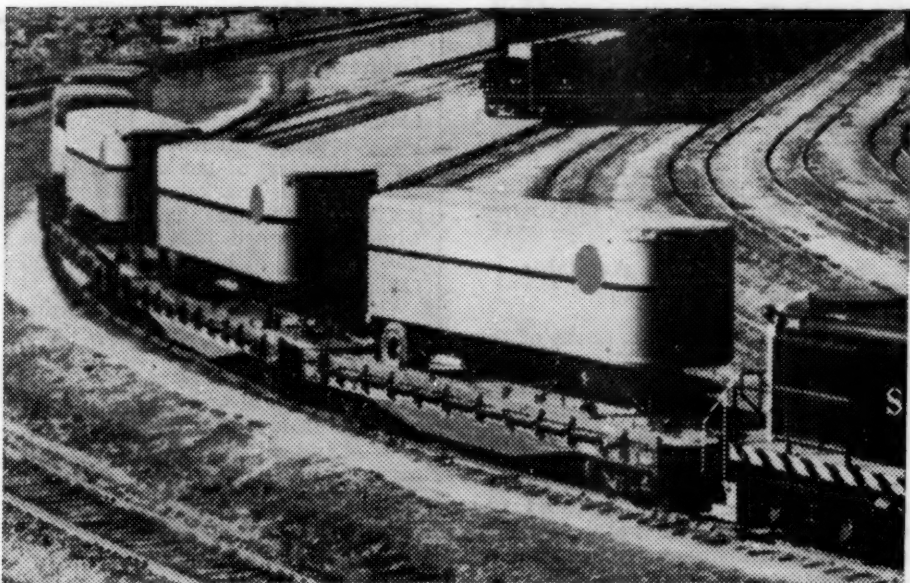
The recent interest in TOFC on the part of the railroads is a desire to get back part of the large volume of traffic which has shifted from railroads to trucks.

About 23 American and 3 Canadian railroads now offer trailer-on-flatcar service, or have announced plans for it. It was only in recent months that 17 of these 26 carriers announced that they were going into the piggyback business. Reports from the industry indicate that three more railroads may follow suit. Most of the large eastern and midwestern cities are now being served by one or more railroads with piggyback freight service.

In addition, a number of cities in the South as well as on the Pacific coast are receiving this service. While it is too soon to predict the success of these ventures, early reports show a slow but steady growth in TOFC traffic for most of the rail carriers.

One of the eastern railroads which has offered the service for about 15 years hauled over 50,000 trailers of motor common carriers in 1953. Its success has been due primarily to the fact that its service on trains carrying trailers is as good as, if not better than, the over-the-road time made by trucks.

The TOFC service now being offered is largely confined to freight-laden trailers owned by the railroads. Nearly all of the railroads initiating TOFC



In many cases, two medium trailers—rather than the single, long ones—ride on one flatcar. Ramps are used for loading and unloading. Or the tracks may be built so that flatcar floors come level with the road or loading platform. Various loading and unloading devices have been proposed.

service during the past year have restricted its use to their own trucking equipment. Only five railroads make this service available to motor common carriers, despite the fact that the rail carriers which have made a big success of piggyback get their greatest piggyback revenue from this source. However, some of the rail carriers have indicated they may extend their service to motor common carriers once enough experience has been gained in TOFC.

### Barrier Removed by ICC

The legal barrier to extending this service to motor common carriers, private carriers, and freight forwarders was removed in a decision by the Interstate Commerce Commission on July 30, 1954. At the same time, the Commission said that when a shipper gives freight to a railroad for movement by rail, the railroad has the right to move this freight on railroad bills of lading, and at railroad rates, in its own trailers on flatcars, without holding any authority from the Commission under

the motor carrier portion of the Interstate Commerce Act.

### Competitive With Trucks

The method of charging for trailer-on-flatcar service varies to some extent among the different railroads, depending upon the completeness of the service and the type of customer served. Generally it takes the following form:

1. The charge for the movement of freight in trailers owned by the railroad is governed by tariffs issued by the railroad. These tariffs are patterned after motor common carrier tariffs (*truck rates*), and in the case of truckload freight, the rates are fully competitive with over-the-road truck rates. In some cases these rail rates are the minimum rates published in the motor common carrier tariff. In contrast, on most of the less-than-truckload freight, the railroads charge piggyback rates that are higher than truck rates.
2. Motor carriers whose trailers are hauled by railroads reserve the right to substitute TOFC service for over-the-road service. The railroad providing the TOFC service collects a fixed charge per trailer from the motor car-

rier, regardless of the commodity hauled. This charge increases as length of trailer and maximum permissible weight are increased.

3. Only one railroad hauls private trailers, such as those of a grocery chain. For private trailers, it has a scheme of charges similar to those paid by motor common carriers, but higher.

### Service Should Be Available to All Shippers

The rapid expansion in terms of the number of rail carriers offering piggyback service is viewed with mixed feelings by both the railroad and trucking industries. Attitudes in the railroad industry run from cautious optimism to enthusiasm. Some of the rail carriers, however, are disappointed because the volume of traffic has not increased as rapidly as they had hoped.

In contrast, the trucking industry is alarmed by the rapid expansion in piggyback service, particularly by the manner in which it is being developed. Their concern is due primarily to the fact that about 80 percent of the railroads now carrying or planning to carry trailers on flat cars are limiting this service to their own trailers. The motor common carriers claim that trailer-on-flat-car service can succeed only through a coordinated effort of railroads and motor common carriers. On the other hand, private motor carriers are opposed to the present practice followed by 4 of the 5 railroads which now haul the trailers of motor common carriers, but refuse to haul those of the private motor carriers.

Piggyback service is a type of operation which, if fully developed, will combine the inherent advantages of both rail and truck transportation. But these advantages will not be fully realized until the service is made available to all "shippers"—including railroads who haul their own or leased trailers, motor common carriers, private motor carriers, and haulers of exempt commodities. Full development of TOFC may help to make marketing cheaper and faster. That, in turn, would of course help the farmer.

James R. Snitzler  
Transportation and Facilities Branch,  
AMS

### Rice in Plentifuls List, With Canned Snap Beans and Corn

CANNED SNAP BEANS, canned sweet corn, and rice get top billing on USDA's March plentiful foods list. Large supplies of the canned foods remain to be marketed before the beginning of the 1955-56 season, while the record 1954 rice harvest has resulted in especially plentiful rice supplies for 1955 marketing.

Oranges, grapefruit, and raisins are abundant, too, and small dried prunes are a new plentiful fruit this month. Eggs continue in liberal supply, and beef and pork return to the plentifuls listing. Fishery products—haddock, halibut, shrimp, and canned tuna—will be abundant March foods, along with dairy products, heavy turkeys, lard, and vegetable fats and oils.

The plentiful foods list is prepared each month by the Agricultural Marketing Service to help move farm products in heavy supply through normal trade channels.

## Control "Strep", Check Rheumatic Fever

### *Your Cooperation Sought*

**A**NNOUNCING the opening of a nationwide "Stop Rheumatic Fever" drive, Dr. E. Cowles Andrus, president of the American Heart Association, declared that medical science now has the weapons to forestall "both initial rheumatic fever attacks and recurrences." This job can be done, he says, through the use of penicillin and other antibiotics in the treatment and prevention of "strep" infections which usually precede rheumatic fever.

However, full cooperation of the public is essential, he stated. He urged especially the need for public alertness to the signs and symptoms of "strep" infections and to the urgency of obtaining prompt medical attention for scarlet fever, middle ear infections, and particularly "strep" sore throat.

In 1953, Public Health Service statistics show, rheumatic fever and rheumatic heart disease resulted in 21,000 deaths among children and adults.



# Co-ops Have Substantial Part In Farmers' Marketing Job

## Cooperative Buying Also Helps Farmers to Make Ends Meet

FARMERS use their own businesses—their *cooperatives*—to send about 22 percent of their output through the markets of this country. This amounted to \$7.4 billion worth of net business for the 1952-53 year, according to a recent count made by USDA's Farmer Cooperative Service.

Marketing cooperatives have grown to this significant position in handling farmers' products by doing a good selling job for producers. Research on cooperatives—gathered continuously by USDA for about three decades—has shown how these *farmers' businesses* can be effective tools for increasing both markets and returns for what farmers produce.

### Better Grading, Less Guesswork and Orderly Marketing

To improve the farmers' financial returns, these associations early took the lead in grading, in putting the emphasis on quality, and translating research findings into practical use on many of the farms of the Nation.

As time has gone on, these associations have had to move farther into the merchandising business to move their goods. Farmers often have their cooperatives process their milk into butter or cheese, turn their citrus fruits into concentrate, or otherwise process their products for a better and steadier outlet.

Cooperatives in many instances are processing and marketing foods with the "built-in" services today's housewife demands—and giving the farmer himself the benefit of increased returns through his own business. Many of the farmer cooperatives are proving useful in expanding market outlets for the surplus products that have been bothering our agricultural economy.

Farmers also use their cooperatives to market in an orderly fashion over longer periods rather than putting their products on the market when prices are lowest at the harvest glut. They can get an advance payment from

these associations which in turn store or process farmers' products and sell them throughout the year.

### Costs Cut By Cooperative Buying

To increase their production efficiency, farmers also buy supplies cooperatively. Production goods and supplies bought cooperatively by farmers add up to more than a sixth of the total spent by farmers for these items. This amounted to \$2 billion in 1952-53. In addition to securing supplies more economically by pooling their purchasing power, farmers use cooperatives to get the kind of supplies they want—better quality feed, seed, and other supplies, and open formula fertilizer, with a guarantee of the kind of quality they pay for.

In many cases farmers are currently using their 10,000 cooperatives to better meet the price-cost conditions now confronting them. The 3 out of 5 farmers who are now members use these associations as one of several levers to help them lift returns from markets and lower production costs.

Costs for supplies and equipment are running high on farms and now account for about 45 percent of the farmers' cash expenditures. Farmers buy many of these supplies through purchasing cooperatives . . . whose main reason for being is to lower costs and improve quality.

### Memberships Doubled, Services Broadened

These farmer cooperatives have more than doubled their memberships in the past decade—up from 3.4 million in 1940-41 to nearly 7.5 million in 1952-53, according to Farmer Cooperative Service's latest report on marketing, purchasing, and related service cooperatives.

Before you start checking this off against the number of farmers in this country—5 million—let me make a point clear. Farmers can be and often

are members of more than one cooperative—one that markets their crops, another that helps them buy their supplies, or still another that provides them with such services as ginning cotton, trucking their livestock, or the convenience of frozen food lockers.

Another look at the recent statistical report of Farmer Cooperative Service bears out the fact that farmers have been steadily broadening the base of their cooperative enterprises in recent times . . . asking and getting more jobs done for them by individual cooperatives. About 58 percent of all associations marketing farm products as their primary job also handled one or more kinds of supplies for their members. Likewise a little more than 20 percent of the purchasing cooperatives also handled some marketing business for their members.

Farmers are asking cooperatives to take on more jobs and broaden their services both because of the possibilities of greater savings and because of the greater convenience in doing business at one stand. The cooperative often improves its efficiency, and its returns, by doing another type of business. In other cases, spreading overhead costs over more types of operations is increasing savings.

### Early Beginnings

Cooperatives in this country trace back to the early days of our Republic—to logrollings, threshing rings, and Benjamin Franklin's mutual insurance company. They stem from many small democratic units—an elevator on a country railroad siding, a cotton gin in a small southern town, a co-op farm supply office in a midwestern village. These got their start when neighbor joined with neighbor in the community to pool either their marketing or buying ability. And in many instances the entire community—not just the members—have benefited from the greater individual income this marketing or purchasing mechanism provides farmers in the region.

But the place these cooperatives take in a community is determined by the actual need for them. Only if farmers want them—usually to correct some weakness in the marketing or purchasing setup through which they have to

## Good Gains From Good Pasture

**A** REPORT from the North Dakota Extension Service tells how five yearling steers gained an average of 420 pounds per head from late April to mid-November, largely due to good grass pasture.

The steers weighed an average of 720 pounds in late April, and when sold the middle of November, after being in the cornfield for 6 weeks, they averaged 1,140 pounds each.

The report points out that good tamegrass pasture along with native pasture, without overgrazing, did the trick. The tamegrass pasture in this case consisted of brome, crested wheatgrass, alfalfa, and sweetclover, which made good pasture from May 1 to the middle of June when the steers were put on native grass.

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deal—can these cooperatives do a job for them.

In these cases of need, farmer cooperatives can act as a balance between the farmer and other economic groups.

Farmers use these associations—a system of organized self-help—to better equip themselves to do business in their complex marketing and buying structure. Farmers find themselves in a position of selling in a wholesale market but having to buy in a retail market where prices come higher. So they use their cooperatives to help shrink the gap between the cost of what they buy and the returns from what they sell. Pooling their buying and selling power is a device they use in this instance to strengthen their position as a small-business man operating in a big-business market.

The farmers have found, during the more than a hundred years they have been using organized cooperatives in this country, that they must keep these businesses flexible. Those cooperatives that haven't been able to change as times and farmers' needs have shifted have passed out of existence. Those that have geared themselves to the farmers and the community have made themselves a permanent place in our agricultural economy.

Beryle Stanton  
*Farmer Cooperative Service*

# "Bert" Newell's Letter

## To Crop and Livestock Reporters

**T**HERE was an old fellow whom father used to hire, off and on, to do odd jobs—such as cutting wood, cleaning out the cellar, and helping out when we needed an extra hand. Jim was a pretty good worker, when he worked, and we kids liked to have him around because he sang funny songs about his experiences to the rhythm of his axe blows.

Like many others of his kind, it was a little hard to get this old fellow to work when he didn't need groceries, shoes—or, most important of all, a few cigars. You see, cigars were most important in Jim's life because a stogey at the corner of his mouth cocked skyward was his trademark.

Now Jim wouldn't lie to you, but when it came to making promises for the future he always left himself a way out. So when you wanted him for a day's work, you would say, "Jim, I need you real bad on Wednesday. Promise me now that you'll be here Wednesday morning at 7 o'clock for sure." His stock reply was, "Yas, suh, I'll cert'nly be there at 7 o'clock for sure, if'n ah lives and nothin' happens."

Well, lots of things seemed to happen, because Jim lived for many, many years and in spite of all his good intentions, frequently didn't show up at all. Or he'd come strolling in on Thursday or Friday with his cigar at a rakish angle and act just like that was the day he'd promised to come.

Now every year, about this time, we get out a report on farmers' intentions to plant, and a lot of people still seem to get the wrong idea of what is meant and why it is put out at all. This report doesn't pretend to give what the farmers have planted or, necessarily, what they will actually plant, and most certainly not what they expect to harvest. Several "somethings" might happen. Weather frequently prevents the farmer from planting the acreage he intended of one crop, and that might in-

crease the acreage of another. I remember one year when farmers in my county were all set to plant a big acreage of tobacco. The blight hit and they couldn't get enough plants to carry out their intentions. So that year we had less tobacco and more corn. Or a lot of other things could happen: Uncle Charley might break his arm, or your daughter might get married—as mine did last spring, and upset my intentions no end.

Now, a very important thing to remember about this intentions report is that the report itself may be the real reason for many of the changes. As a matter of fact, the report is intended to give everyone the benefit of what producers are thinking about doing so that each one can make up his own mind whether they should stick to their preliminary plans or shift to something else. We hope that is the way you will use the information. Every year we get a certain number of letters claiming that we said in March that so many acres of this or that would be planted and it turned out that more or less were planted, so they say we made a big error. Well, it takes a lot of explaining and sometimes a lot of long letters, to get some of these folks back on the track. And you can give us a real lift if you will explain the March intentions report when the question is raised by any of your neighbors.

You are the only one that can make the final decision as to what you will do on your farm, and for that reason we are always looking for ways to give you a better explanation of each of our published reports—exactly what each report means. On this March intentions report, I sometimes get the wild notion to put up at the top old Jim's qualification: "If'n ah lives, and nothin' happens, this is about what we'll plant."

S. R. Newell, Chairman  
Crop Reporting Board, AMS

## Livestock and Meat In Light of the Inventory

(Continued from Page 2)

At this level of supply, the most favorable factor in the outlook for prices is the continued strong demand for meat.

Consumers have a little higher income than last year, and they probably are spending their usual proportion for meat. Unless a severe drought occurs again in 1955, demand may be strong enough to hold prices of cattle at around last year's levels. Another increase comparable to the \$2 to \$3 improvement last fall (over the preceding fall) is not likely. Prices are not expected to pursue a continuous advance until either the cattle inventory is reduced, or population catches up.

### Pork Output To Exceed 1954

In January and February, hog slaughter ran 15 to 20 percent above a year before. Slaughter will stay larger than last year but not by so wide a margin. The 1955 total pork output may be about 8 percent larger than last year's.

Prices of hogs were unusually depressed through February, due partly to the larger slaughter. Heavy weights were discounted. The substantial stocks of pork previously accumulated in cold storage also were a depressing factor.

Hog prices will increase gradually to a seasonal high at midsummer. They will remain below last year. In general, prices will be neither especially high nor especially low in relation to the price of corn.

With more pork, nearly as much lamb, and at least as much beef, total meat output in 1955 will set a new high. In both 1953 and 1954, average consumption per person was 154 pounds, the most since 1908. This year, consumption will be a few pounds greater.

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## Outlook Highlights

(Continued from Page 3)

the number began to rise in 1949. The year-end inventory showed hogs and pigs had increased 13 percent above the relatively low figure of a year earlier. The number of sheep and lambs dropped 1 percent. (For other changes, see livestock story on page 1.)

### Dairy Products

Consumption of fluid milk has been increasing recently. Reasons: The special school milk program, slight retail price declines in some cities, higher consumer incomes. Use of fluid milk per person in 1955 probably will be up slightly from 1954; consumption of other items will be about the same. One percent fewer milk cows and heifers 2 years old and over were on farms January 1 than a year earlier. With an average pasture season, they're expected to produce about as much milk as in 1954. Since total use will be up, the milk surplus this year probably will be smaller than in either 1953 or 1954.

### Poultry and Eggs

Increased settings of eggs in broiler areas point to increased broiler marketings this spring. The higher prices of recent weeks are mainly responsible.

Farmers plan to raise 18 percent fewer chickens for laying flock replacement than last year, according to their February 1 intentions. Smaller hatch early this spring will mean fewer pullets laying eggs next fall.

### Feeds

Record stocks of feed grains were on hand January 1—12 percent more than a year earlier. Use of feed grains the rest of this season is expected to be somewhat heavier than in the same period of 1953-54. But stocks at the end of the season are expected to be at least as large as last year's record carryover.

### Wheat

Exports of wheat totaled 121 million bushels in July-December 1954, first half of the 1954-55 marketing year.

(Continued on Page 16)



# Credit Status of Farms Sound

## Agricultural Finance Study Shows

*About a Third Have No Mortgages—Load Heaviest on Smaller Farms*

**O**NLY about 3 out of 10 farms in the United States are saddled with mortgages, and most of these are mortgaged for only a small part of their value, according to a study by USDA's farm finance economists. The study also shows that the mortgage load is heaviest on smaller farms. In other words, the larger and more valuable of the mortgaged farms are apt to have smaller debts relative to their value than the mortgaged farms with less acreage and lower value. These trends are based on a recently completed study of farms mortgaged in 1950. The general picture probably has changed little since then. Values, of course, include both land and buildings.

About 7 out of 10 farms were free of mortgages in 1950. The average size of a mortgaged farm was a little over 200 acres in that year, but those farms where the mortgage was low compared to value were considerably larger. Farms with mortgages equaling less than 10 percent of their value averaged about 320 acres in size. But farms mortgaged for 50 percent or more of their value were only 130 to 140 acres in size on average.

Similarly, the more valuable mortgaged farms were likely to have mort-

gages which were small in comparison to what the land and buildings would sell for. Farms mortgaged for less than 10 percent of their value were worth about \$22,000 in 1950, and the value decreased for the more heavily indebted farms. When the mortgage was 40 to 49 percent of the value, the average value was about \$12,000. Mortgaged farms with high indebtedness—80 percent or more of the value—were worth only about \$6,000 on the average.

In a like manner the average value per acre for mortgaged farms tended to be lower for the more highly indebted farms, while farms where the debt was lower relative to value were likely to be worth more per acre.

It seems likely that the larger and more valuable farms, although their initial mortgages may be larger, are able to retire debt more rapidly under generally prosperous conditions such as we had in the years from 1940 to 1950. Smaller and less valuable farms usually can be purchased at a lower dollar-and-cents price and, of course, with smaller mortgages. But mortgages on the smaller farms probably are paid off more slowly, and they remain higher relative to the value of the farm.

### Mortgaged Farms and Their Debt Load<sup>1</sup>

Ratio of debt to value of farm	Number of mortgaged farms	Average acres per farm	Average value per farm	Average value per acre
			(Dollars)	(Dollars)
All Mortgaged Farms.....	1,480,400	210	14,900	73
Under 10 percent of value.....	212,100	320	22,400	70
10 to 19 percent of value.....	317,800	220	18,000	81
20 to 29 percent of value.....	292,900	210	15,300	73
30 to 39 percent of value.....	217,900	180	13,200	74
40 to 49 percent of value.....	153,700	170	11,700	69
50 to 59 percent of value.....	105,800	130	9,600	71
60 to 69 percent of value.....	75,400	140	8,900	64
70 to 79 percent of value.....	40,600	130	8,200	64
80 percent and up.....	64,200	130	6,200	49

<sup>1</sup> 1950.

Most mortgaged farms had mortgages which were fairly low relative to the value of the farm in 1950. Their owners usually had substantial equities, and considerable borrowing power left.

If farm-mortgage loans are made at two-thirds of a lender's appraisal and the appraisal is 80 percent of the current value, a farm can be mortgaged for a little over half its value. In 1950 about 80 percent of all mortgaged farms were mortgaged for less than half their values.

Some farm-mortgage lenders appraise very conservatively. Even if the

appraisal is as low as 60 percent of current value, a loan for 40 percent usually can be obtained. It might be pointed out, however, that about 70 percent of all mortgaged farms in 1950 had mortgages less than 40 percent of their value. And over a third of the farms under mortgage had mortgages of less than 20 percent of the value of the farm.

The figures indicate that there are many opportunities for safe borrowing and lending in the farm-mortgage field—not only on the approximately 70 percent of all farms which are mort-

(Continued on page 16)

## Prices of Farm Products

[Estimates of average prices received by farmers at local farm markets based on reports to the Agricultural Marketing Service. Average of reports covering the United States weighted according to relative importance of district and State]

Commodity	Average		Feb. 15, 1954	Jan. 15, 1955	Feb. 15, 1955	Effective parity prices Feb. 15, 1955 <sup>2</sup>	
	Base period price <sup>1</sup>	January 1947- Decem- ber 1949					
Basic commodities:							
Cotton, American upland (pound).....	cents..	\$ 12.4	31.21	30.42	32.51	31.69	35.22
Wheat (bushel).....	dollars..	4.884	2.14	2.06	2.14	2.13	2.51
Rice (cwt.).....	do.....	1.93	5.38	5.34	4.46	4.40	5.46
Corn (bushel).....	do.....	4.642	1.64	1.43	1.40	1.40	1.82
Peanuts (pound).....	cents..	4.8	10.2	11.2	12.6	12.5	13.6
Designated nonbasic commodities:							
Butterfat in cream (pound).....	do.....	26.1	71.2	65.1	57.5	57.5	73.9
All milk, wholesale (100 lb.) <sup>6</sup> .....	dollars..	1.66	4.42	4.21	4.19	4.05	4.70
Wool (pound).....	cents..	21.0	46.0	\$ 52.8	\$ 50.5	50.7	59.4
Other nonbasic commodities:							
Barley (bushel).....	dollars..	.475	1.37	1.15	1.09	1.08	1.34
Cottonseed (ton).....	do.....	25.20	71.60	51.40	56.80	55.20	71.30
Flaxseed (bushel).....	do.....	1.58	5.54	3.47	3.00	2.99	4.47
Oats (bushel).....	do.....	.305	.852	.781	.768	.757	.863
Potatoes (bushel).....	do.....	1.517	1.48	.654	1.13	1.17	1.46
Rye (bushel).....	do.....	.594	1.82	1.16	1.18	1.16	1.68
Sorghum, grain (100 lb.).....	do.....	.897	2.53	2.32	2.26	2.26	2.54
Soybeans (bushel).....	do.....	1.03	2.84	2.97	2.58	2.61	2.91
Sweetpotatoes (bushel).....	do.....	.981	\$ 2.35	2.54	2.83	2.97	2.78
Beef cattle (100 lb.).....	do.....	7.55	20.20	16.20	16.20	16.50	21.40
All chickens (pound).....	cents..	10.3	29.3	22.4	22.2	23.7	29.1
Eggs (dozen).....	do.....	16.4	46.6	45.7	32.2	39.5	46.4
Hogs (100 lb.).....	dollars..	7.55	21.90	25.30	17.00	16.40	21.40
Lambs (100 lb.).....	do.....	8.28	21.90	19.10	18.50	19.30	23.40
Calves (100 lb.).....	do.....	8.28	22.60	18.10	17.20	18.00	23.40
Oranges, on tree (box).....	do.....	\$ 2.29	1.23	1.01	1.01	1.33	<sup>10</sup> 2.88
Apples, for fresh use (bushel) <sup>11</sup> .....	do.....	1.00	2.39	3.27	3.03	2.94	2.83
Hay, baled (ton).....	do.....	8.43	22.40	23.70	23.50	23.30	23.90

<sup>1</sup> Adjusted base period prices 1910-14 used for computing parity prices. Derived from 120-month average January 1945-December 1954 unless otherwise noted.

<sup>2</sup> Parity prices are computed under the provisions of title III, subtitle A, section 301 (a) of the Agricultural Adjustment Act of 1938 as amended by the Agricultural Acts of 1948, 1949 and 1954.

<sup>3</sup> 60-month average, August 1909-July 1914, for all cotton.

<sup>4</sup> 60-month average, August 1909-July 1914.

<sup>5</sup> Revised.

<sup>6</sup> Prices received by farmers are estimates for the month.

<sup>7</sup> Preliminary.

<sup>8</sup> Adjusted base period price 1910-14 derived from 10-season average prices 1945-54.

<sup>9</sup> 10-season average 1919-28.

<sup>10</sup> Transitional parity, 70 percent of parity price computed under formula in use prior to Jan. 1, 1950.

<sup>11</sup> Prices prior to July 1954 include some processing.

# Economic Trends Affecting Agriculture

Year and month	Industrial production (1947-49=100) <sup>1</sup>	Total personal income payments (1947-49=100) <sup>2</sup>	Average earnings of factory workers per worker (1910-14=100) <sup>3</sup>	Wholesale prices of all commodities (1910-14=100) <sup>3</sup>	Index numbers of prices paid by farmers (1910-14=100)			Index numbers of prices received by farmers (1910-14=100)			
					Commodities	Wage rates for hired farm labor <sup>4</sup>	Commodities, interest, taxes and wage rates	Livestock and products			
								Dairy products	Poultry and eggs	Meat animals	All live-stock
1910-14 average			100	100	100	100	100	100	100	100	100
1925-29 average	53		232	143	151	184	161	161	155	145	152
1935-39 average	54	34	199	118	124	121	125	119	110	117	116
1947-49 average	100	100	462	225	240	430	250	275	229	334	292
1951 average	120	126	563	258	271	470	282	286	228	409	336
1952 average	124	134	593	251	273	503	287	302	206	353	306
1953 average	134	142	624	247	262	513	279	273	221	298	273
1954 average	125	142	624	248	264	510	281	252	175	295	257
<b>1954</b>											
February	125	141	622	248	263		282	267	208	315	277
March	123	141	617	248	264		283	257	188	316	271
April	123	141	612	249	265	507	283	237	178	333	271
May	125	142	620	249	267		284	230	168	331	267
June	124	142	625	247	265		282	229	168	299	251
July	123	141	619	248	263	505	280	237	171	286	247
August	123	141	620	248	264		282	245	178	287	251
September	124	142	626	247	263		280	253	162	277	245
October	126	142	630	246	262	502	279	263	153	267	242
November	129	143	641	247	262		279	266	159	266	243
December	130	144	647	246	261		279	264	156	257	237
<b>1955</b>											
January	131		644	248	264	521	283	258	163	263	240
February					264		283	253	190	264	244

Year and month	Index numbers of prices received by farmers (1910-14=100)								All crops and live-stock	Parity ratio <sup>5</sup>
	Crops									
	Food grains	Feed grains and hay	To-bacco	Cotton	Oil-bearing crops	Fruit	Com-mercial vege-tables	All crops		
1910-14 average.....	100	100	100	100	100	100	-----	100	100	100
1925-29 average.....	140	118	169	150	135	146	145	143	148	92
1935-39 average.....	94	96	172	87	113	91	107	98	108	86
1947-49 average.....	246	230	384	264	318	183	249	247	271	108
1951 average.....	243	226	436	336	339	181	269	265	302	107
1952 average.....	244	234	432	310	296	191	274	267	288	100
1953 average.....	231	208	429	268	274	206	240	242	253	92
1954 average.....	232	206	439	274	279	222	228	244	250	89
1954										
February.....	236	208	443	258	269	210	233	237	258	91
March.....	238	208	443	263	275	212	246	239	256	90
April.....	234	208	443	267	283	217	225	240	257	91
May.....	227	207	446	272	286	215	279	249	258	91
June.....	216	205	445	274	283	240	200	244	248	88
July.....	225	202	446	272	286	228	243	248	247	88
August.....	228	207	430	288	294	235	223	250	251	89
September.....	233	210	444	292	276	248	170	247	246	88
October.....	235	204	441	293	275	218	191	243	242	87
November.....	239	199	438	281	277	206	237	244	244	87
December.....	239	202	430	276	279	207	216	241	239	86
1955										
January.....	241	204	425	275	274	222	263	248	244	86
February.....	240	203	436	268	270	210	258	245	245	87

<sup>1</sup> Federal Reserve Board: represents output of mining and manufacturing; monthly data adjusted for seasonal variation.

<sup>2</sup> Computed from reports of the Department of Commerce; monthly data adjusted for seasonal variation.

<sup>3</sup> Bureau of Labor Statistics.

<sup>4</sup> Farm wage rates simple averages of quarterly data, seasonally adjusted.

<sup>5</sup> Revised.

<sup>6</sup> Ratio of index of prices received to index of prices paid, interest, taxes, and wage rates. This parity ratio will not necessarily be identical to a weighted average percent of parity for all farm products, largely because parity prices for some products are on a transitional basis.

# Outlook Highlights

(Continued from Page 12)

This is 12 million bushels above shipments in the same period a year earlier. Total for 1954-55 is expected to be 250 million compared with 217 last year.

## Fruits and Vegetables

After getting off to a slow start early in the season, output of frozen orange concentrate has picked up. However, total through February 19 was about an eighth below last year. Stocks still were a little larger than a year ago, with consumption upward.

Supplies of canned and frozen vegetables for the remainder of the marketing year are smaller than for the same months of 1953-54. Prices of both potatoes and sweetpotatoes have been well above a year earlier and are expected to continue so for a few months.

## Cotton

Prices of cotton fluctuated little so far this season. The 14 spot-market average has ranged between a high of 34.90 cents per pound reached on September 24 and a low of 33.52 on November 22. Exports of cotton totaled 1,626,000 bales from August 1 through December, 397,000 more than in the same period of 1953-54.

## Fats and Oils

Record exports this year are expected to result in the first major reduction in stocks of food fats of the postwar period. However, when the 1954-55 marketing year ends next September 30, stocks still will be above any year prior to 1953-54. Increased shipments of soybeans, lard, and cottonseed oil will account for the greater exports. Supplies of these products in other exporting countries are down and world prices have increased. A new high of 9.8 billion pounds of food fats is expected to be produced in 1954-55.

Lard and soybean oil output will be up, but production of cotton oil and butter will be down.

## Credit Status of Farms Sound

### Agri. Finance Study Shows

(Continued from Page 14)

gage-free but also on many of those which are already mortgaged. Nearly 95 percent of all farms in 1950 were mortgage-free or had mortgages of less than half their value.

Most farmers could safely borrow on farm mortgages or increase their present mortgages provided the additional funds were used profitably for productive purposes. This presents a real opportunity, not only for farmers but for farm-mortgage lenders.

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